

Excerpts from Task Force Report

on

Intelligence Activities

May 1955

Appendix II

Prepared by the Commission on Organization of the  
Executive Branch of the Government

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Scope of Survey

The surveying officer received everywhere a marked frankness, courtesy, and wholehearted cooperation, and expresses herewith a keen appreciation to the Director, CIA, and the Deputy Director/Plans, CIA, and members of their respective staffs for their personal interest and assistance, office space, transportation, and other services incident to the survey.

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Historical

.....Thus, the legal question arises as to the existence of any reasonable degree of relationship of the cold-war operations of CIA, as now being conducted, to "intelligence affecting the national security." As far as CIA is concerned, the Agency is bound by the aforementioned NSC directive and the legality thereof is not questioned by the DCI, particularly since the General Counsel of the Agency has expressed the opinion that the action taken by NSC is in conformity with law. While the surveying officer considers the question moot, it does not appear proper at this time, with extensive world-wide covert operations in being, to make conclusion or recommendation in the matter, particularly in view of the broad powers of the Chief Executive, who is entirely witting to the program. No agency of the Government, except CIA, appears appropriate as an operational host for the Office of Special Projects.

Conclusion (Page 10)

That the Office of Special Projects -- now a part of the Clandestine Services of CIA -- should be continued as a component of CIA.

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Organization

.....The staff and operational organization of the Clandestine Services has not experienced smoothness of function in the past, due partly to an inherent unwieldiness, partly to a serious weakness in the chain of control, and partly to the fact that, from the beginning of cold-war operation, representatives of the Department of State have dictated largely, by direct contacts at low organizational level, the policy and specific operations of CIA in the field of psychological warfare without going through the DCI to do so. This circumstance has often resulted in confusion, loss of administrative control, inefficiency in operation, and sometimes an actual ignorance on the part of responsible CIA officials as to operations being initiated. While both State and CIA have taken recent steps to provide proper liaison channels between their respective agencies, it is considered by the surveying officer that the problem is of sufficient importance to warrant solution by different means, as will be discussed later in this report. Operational control has been adversely affected, also, by frequent direct dealings with the Clandestine Services at staff or divisional level on the part of the DCI.

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.....These, however, plus the direct lines of area division chiefs of the Clandestine Services to the DCI as his "executives" and to the field, and vice versa, as prescribed by written directive of the DCI dated 15 July 1952 and reiterated in Agency regulations dated 11 March 1955, have been consistently destructive to organizational cohesion and smoothness of operation.

#### Conclusion

That rigid lines of control and staff procedure pertinent to the Clandestine Services should be established within CIA to eliminate the present independence of the area divisional chiefs and overseas elements.

It is considered by the surveying officer that the currently reorganized structure of the Clandestine Services of CIA, while a progressive step, is inadequate in that the entire administrative and logistical support of the DD/P complex under the new organization is now on the overt side of the Agency.

.....This cumbersome arrangement has always placed the DD/P in the confusing position of a division combat commander without authority of his own to employ his assets, or to expend his ammunition in engaging targets of opportunity as he sees fit. It has meant further that the DD/P has been denied the convenience of firm logistical planning within the confines of his own and highly sensitive organization; that many of his covert activities requiring support have had to pass through an overt stage prior to final approval; moreover, that it has been by merest chance that many of his operations have not been compromised by having to acquaint a large number of overt personnel of the Agency with the details of such operations in order to obtain administrative and logistical support therefore; that he felt compelled to set up and operate within his organization

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supplementary branches for all those support elements necessary to the continued existence and operation of his office, such as personnel, training, logistics, etc. Many of these so-called administrative staffs are large. This has been, and under the current organization will continue to be, a necessary but wasteful duplication of personnel which might well be eliminated at considerable saving to the Government, were the requirements of NSC 10/2 carried out and the Office of Special Projects, now a part of the Clandestine Services, made completely self-supporting, so as to operate independently of other components of CIA.

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Conclusion

That the Office of Special Projects, now a part of the Clandestine Services, should be made entirely self-supporting and be operated independently of other components of CIA, as was the intent of NSC at the time of creation of this cold-war activity.

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(Pages 19-20)

Psychological Warfare

Any evaluation of the over-all covert propaganda program of the Clandestine Services of CIA must include initially its nuisance value, which the surveying officer believes to be its greatest asset in the cold-war program. Without consideration of the potential radio audience served by the various broadcasting facilities being employed by CIA, which is impossible to determine with any degree of accuracy, or of the moral and spiritual worth of the text being used in the programs aimed at the USSR and its satellites, it is a fact worth citing that the Soviet authorities are taking extraordinary preventive measures to keep the material from reaching the intended listeners within the Soviet orbit.

An extensive examination of the broadcasting programs themselves reveals the fact that they are both cleverly and sensibly prepared and presented. The present capabilities of the emigre groups sponsored and financed by CIA have been developed over a long and venetious period of experimentation, during which almost insurmountable obstacles had to be met and disposed of.



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Psychological Warfare

.....It has been the unenviable task of the Clandestine Services of CIA to mould these several groups into cohesive, manageable teams where desire for individual political gain is put aside in favor of the welfare of the group and homeland as a whole. The process has not been easy and it is to the credit of the Clandestine Services that they have doggedly developed the know-how to cope with the situation.



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Psychological Warfare

All of these broadcasting facilities were found to be operating on an economic basis, except for the [REDACTED]

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[REDACTED] A visit to that site disclosed a lavish installation, grossly excessive to the requirements of the activity, costing more [REDACTED] and by no means in keeping with the nationally publicized needy circumstances of the Crusade for Freedom.

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Because it is evident that these covert emigre propaganda facilities, aimed at the USSR and its satellites, have become our best weapons in the cold war, their continued existence and operation under sponsorship by CIA are believed to be in the best interest of national security.

No appraisal relative to the other purely propaganda activities of the Clandestine Services is attempted in this report, nor is it believed possible at this time to give a fair estimate thereof. The program for psychological warfare is well conceived, but not well managed, due to circumstances which have been heretofore beyond the control of responsible officials of the Clandestine Services. The program may be said to have failed, however, in no important area of the free world.

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Psychological Warfare

The allocation of funds for all projects of psychological warfare to specific areas, more particularly for propaganda, has been consistently influenced and too frequently interfered with by low-level State Department representative since the beginning of the cold-war program. This intervention in the program by such representatives, whose interests are narrow and restricted to their assigned country areas, has at times in the past resulted not only in misdirected efforts on the part of the Clandestine Services, but in serious financial losses to the Government also, without a fair measure of gainful return. These might have been avoided had the DCI been given long-range national policy guidance at higher State Department level and had been permitted then to act on his own judgment, or, better still, had NSC more clearly defined the prerogatives of the DCI in carrying out his cold-war mission. To the surveying officer it is significant that NSC gave to the DCI sole responsibility for carrying out cold-war operations aimed at the Communist bloc. Nowhere in NSC directives pertaining to this mission is it indicated that the DCI's responsibility therefor may be delegated to, or shared with, any other Government agency. While it is realized that our national policy in foreign affairs may change in certain areas from time to time, any operational measures undertaken as a result of these changes must be coordinated with the world-wide psychological warfare program, since the salient features of our cold-war policy have had few modifications indeed since their promulgation. The Agency has budgeted the sum of  to be spent for psychological warfare. These sums represent roughly  of the total DD/P direct budget for these same periods. From a survey of the areas in which

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these operations are being effected, or are to be effected, the conclusion is drawn (1) that programs in some areas are obviously over-emphasized, and other areas worth exploiting are being almost completely neglected; (2) that, in view of the huge sums involved and in order that CIA may have more specific guidance in this program, the matter should now receive the attention of NSC and means should be set up at that level for scrutiny and approval of the annual budget, and for firm allocation of funds proposed by the DCI for psychological warfare purposes after he has conferred with the Secretary of State and the Secretary of Defense, or their designated representatives. In the event the Secretary of State or the Secretary of Defense at any time thereafter deem it necessary, for reasons of national political or military policy, to strengthen, weaken, or otherwise alter the program in any or several areas, his representation in this respect should be made to the recently created Planning Coordination Group of OCS. The surveying officer is of the opinion that such action would not only result in a more realistic approach to the problem, but would also tend to insure efficiency and economy of operation in the program and would give to the DCI a sorely needed measure of independence not yet accorded him by NSC directives relative to cold-war activities. It was plainly the implication of NSC 10/2, in creating a national cold-war agency, that suitable policy advice would be furnished to the DCI by designated representatives of the Secretary of State and the Secretary of Defense for peacetime covert operations. While there is no evidence revealed in this survey concerning any serious disagreement between CIA officials and these same representatives with respect to psychological warfare, it is clearly indicated that, as far as the Office of the Secretary of State is concerned, such policy advice has come on a piece-meal basis and too

often not from specifically designated representatives of that agency. At least a part of the blame for the confusion lies with CIA area divisional personnel who have acted independently upon such advice as being authoritative and binding.

Conclusion

That suitable steps should be taken at NSC level to establish firm budget allocations for CIA's clandestine psychological warfare program.

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Political Warfare

Major successes have been achieved by the Clandestine Services of CIA  
in political warfare operations in [REDACTED] 25X1A

25X1A and [REDACTED] These operations have been marked by sound judgment, careful  
planning, discretion and finesse.

.....Lesser political warfare successes have been achieved here and there in

25X1A [REDACTED] No attempt is made here to estimate the worth  
of all these operations to the Government.

[REDACTED] 25X1

This program has failed. It should be pointed out, however, in any discussion  
of the projects involved, that these were seldom of the Clandestine Services'  
choosing, but were initiated at the request and sometimes urgency of other  
Government agencies.

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Paramilitary

.....These larger operations, which cannot be assessed as to their worth to the cold-war effort, have been of inestimable value to the Clandestine Services in the development of personnel trained in such operation and in operational experience gained in this field. [ ] afforded the first and 25X1A only full-scale, head-on clashes between the tangible cold-war assets of CIA and like assets of the Soviet orbit. Each instance was a signal triumph for the former.

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Paramilitary

.....CIA has been unduly hesitant to push its own plans for hot-war usage of its potential, because of stumbling blocks placed by the military to repeated proposals of the DCI for the use of CIA in the field of unconventional warfare.

.....The military also has been slow to forward its own plans for unconventional warfare. There have always been differences of opinion between CIA and the Department of Defense as to the proper employment of CIA assets in hot war.

.....In light of the prolonged unresolved differences affecting both agencies, it was the responsibility of the DCI to take such action, as prescribed by NSC 10/2, still in force and effect during the full period of disagreement.

.....While CIA has for some time had its own strategic war plan, based upon the Annex cited, such plan is incomplete and totally uncoordinated, even within the confines of the DD/P Complex.



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Conclusion

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Foreign Intelligence

.....Information being obtained on the Soviet bloc, however, is far below the minimum requirements of the armed forces and is by no means commensurate with the output of intelligence which might reasonably be expected of an activity with the personnel and financial assets possessed by the Clandestine Services. Not enough attention has been paid in the past to Soviet targets, and the glamour and complexity of cold-war operations have served consistently to overshadow the less attractive but equally as important responsibility placed upon the Agency NSCID 5 for conducting espionage and counterespionage and for the collection of foreign intelligence.

.....The Foreign Intelligence Staff (FI) and the Counter Intelligence Staff (CI) 25X9 shown in Tab A comprise about [ ] These staffs are too large and should be reduced materially, releasing every available individual qualified in covert intelligence collection for more useful duties in connection therewith. The area divisions engage in foreign intelligence operations, partly in response to requirements of the FI Staff, partly on their own initiative. The interests of cold-war projects, however, take precedence with the average area divisional chief, often to the neglect of important foreign intelligence requirements placed upon him by the FI Staff. Thus, the lack of vertical control in the Clandestine Services previously commented upon militates against the best interests of the national intelligence community. Too much effort has been expended upon the perimeter of the Iron Curtain in comparison to that which should have been exerted against the USSR itself.

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Foreign Intelligence

.....Agent infiltration into most of the satellite countries is not too difficult, but the information to be gained there is of little value concerning the USSR proper. Shallow penetrations of the USSR through the Baltic states have produced valuable intelligence. For each successful operation in this area, however, several others fail, and because of difficulties encountered there has been an unjustifiable lack of persistence in the program of penetrations. The situation offers a serious challenge and should be reexamined by CIA officials.

.....The field of espionage and counterespionage against the Soviets has not yet been fully explored by CIA as a whole and deserves the best thinking on the part of its most capable and experienced personnel, as well as the establishment of an internal organization which can assure the proper discharge of the DCI's responsibility in this same field.

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Foreign Intelligence

[REDACTED]

.....The surveying officer considers that the covert intelligence efforts of CIA in this area are not well conceived or pushed with sufficient energy.

[REDACTED] serious financial losses in Government funds were incurred in foreign intelligence projects in the early days of the cold-war program. Two combined foreign intelligence-propaganda-paramilitary projects, mainly to aid resistance elements [REDACTED] through clandestine emigre groups and initiated in 1950, were penetrated by the [REDACTED] [REDACTED], and the Clandestine Services suffered a monetary loss of [REDACTED]. These losses were due chiefly to poor advice to CIA by prominent Government officials and private citizens as to the bona fides of the emigre leaders, and to a lack of personal research and preliminary investigation on the part of DD/P personnel initiating and monitoring these same projects.

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Conclusions

That the best efforts of CIA should be devoted to intensifying the program of espionage and counterespionage against Soviet targets.

That those elements of the Clandestine Services engaged in covert collection of foreign intelligence should be removed from integration with the cold-war elements and should be reorganized as a self-supporting, permanent secret intelligence unit composed of specially selected individuals; this unit to be expanded as rapidly as possible to such strength as may be necessary to discharge properly the assigned responsibility of the DCI in the field of espionage and counterespionage.

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Personnel

.....The surveying officer, while concurring completely in the apparent will of the Congress that CIA be strictly a civilian agency of the Government, expresses the belief that for the continued period of the next ten years it would be to the best interest of the Government to relax the limitations of law with respect to the hiring of retired officers or warrant officers by CIA, and that the Agency should be encouraged to explore the domestic business realm with a view to obtaining high-type individuals suited for the purpose indicated.

.....It was noted in some divisions and sections of the Clandestine Services that such interest and leadership were absent, to the detriment of the interest and efforts of personnel employed therein. This comment is applicable, also, to the DD/P himself. Many section chiefs and old employees of the Clandestine Services not only have not met him but also do not even recognize him by sight.

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Security

.....Every reasonable precaution to protect the best interests of the Government, security-wise, both domestic and overseas, is being exercised. The system is efficient, comprehensive, and well directed.



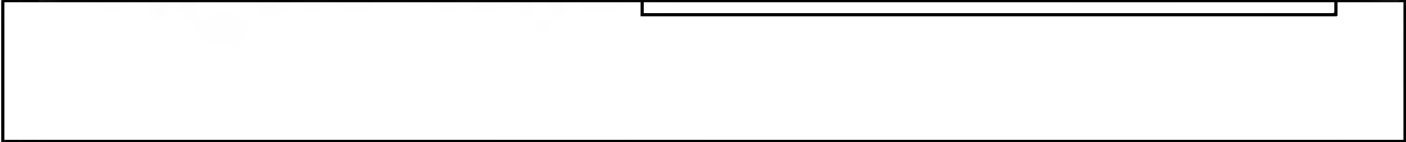
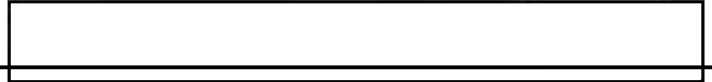
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Technical Services Staff

.....It was reported by CIA personnel



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Technical Services Staff

[REDACTED] have  
been unsuccessful in accomplishing their purpose due to a lack of business acumen and proper planning on the part of DD/P personnel initiating and supervising them and the practice in the past of bypassing the General Counsel, the Comptroller, and the Commercial Division, on the grounds of security, when such undertakings were begun.

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Project Control Measures

As a result of experiences gained in trial-and-error procedures of operation since the inception of the cold-war program, the Agency has gradually instituted a series of satisfactory operational controls. These are well conceived and are designed to insure a careful consideration by competent CIA representatives of covert projects. The creation of a Project Administrative Plans Staff (PAPS) in 1953, to sit as a board in the DD/P Area for the examination and evaluation of cold-war projects, is doing much to eliminate the lack of proper planning which has heretofore so often characterized the larger DD/P undertakings.

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Project Control Measures

.....The surveying officer is of the opinion that, except in small operations and for rare cases handled on a crash basis, where for the sake of expediency or national security this procedure cannot be followed, covert operational projects should continue to be rigidly handled in this manner.

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Auditing

.....audit coverage on the covert side of the Agency is inadequate and many large accounts receive scrutiny on a too infrequent basis to protect properly the interests of the Agency and of the Government.

.....The huge sums spent by CIA world-wide in the cold-war effort should receive complete local audit cognizance at least on an annual basis.

.....The so-called "unvouchered funds" of CIA, often the subject of criticism and conjecture on the part of individuals, and occasionally of the press, were found to be meticulously handled and accounted for.

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Special Comment

.....the program for covert collection of foreign intelligence has not been successful, due largely to organizational defects, misdirection, and lack

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Special Comment

.....Complaints against the Agency appear to be based upon the alleged fact that other intelligence agencies, more particularly those of the military, are not informed sufficiently of CIA's cold-war activities; that CIA is too reluctant to reveal either its cold-war assets or operations, or its sources of raw covert intelligence.

.....the surveying officer concludes that there is a sound basis of law and NSC directives for extreme secrecy on the part of CIA cold-war officials in carrying out the details of covert operations.

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## XI. RECOMMENDATIONS

It is recommended -

That the following changes in the internal organization of CIA be effected:

a. Remove those elements of the Clandestine Services engaged in covert collection of foreign intelligence from integration with the cold-war elements and reorganize them as a self-supporting permanent secret intelligence unit; this unit to be composed of specially selected individuals, and to be expanded as rapidly as possible to such strength as may be necessary to discharge properly the assigned responsibility of the DCI in the field of espionage and counterespionage.

b. Make the Office of Special Projects - now a part of the Clandestine Services - entirely self-supporting and operate it independently of other components of the Agency.

c. Establish rigid lines of control and staff procedure pertinent to these separate components, eliminating entirely the independence of area divisional chiefs and overseas elements, so that all dealings with these same separate components by the DCI, and vice versa, are effected through their respective chiefs.

That the program of espionage and counterespionage against Soviet targets be intensified.

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That the proposed annual budget of the Central Intelligence Agency for psychological warfare purposes, together with its proposed allocations, be submitted by the Director of Central Intelligence to the National Security Council for approval; that thereafter changes in the approved program deemed necessary by the Secretary of State or the Secretary of

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Defense, be formally presented by him to the Planning Coordination Group of the Operations Coordinating Board.

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That the program for training of specialists in covert intelligence collection and for the development of linguists be intensified.

That the practice of submission of individual budgets by the area divisional chiefs to the Project Review Committee be discontinued; that the budget for each covert component be prepared under the supervision of its chief and submitted as a whole for the component to the PRC.

That the number of auditors of the regular CIA Audit Staff be increased materially.

That greater efforts be exerted to establish long-range deep cover for CIA personnel serving covertly overseas.

That the National Security Council render a specific interpretation of the provisions of paragraph 4b, NSC 5412/1, as it affects the several members of the intelligence community.

## XII LEGISLATIVE REQUIREMENT

It is recommended that action be taken to amend the Central Intelligence Agency Act of 1949 to provide authority for the employment of CIA of "any" (instead of only 15 as is now authorized) retired officers or warrant officers of the armed services.

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THAT THE "COVERT INTELLIGENCE" FUNCTIONS AND THE "COLD-WAR" FUNCTIONS OF THE DEPUTY DIRECTOR OF PLANS AREA IN THE CENTRAL INTELLIGENCE AGENCY EACH BE ASSIGNED TO THE JURISDICTIONAL CONTROL OF A SEPARATE DEPUTY DIRECTOR, THE AREA OF RESPONSIBILITY OF EACH OF WHOM SHALL BE MADE ADMINISTRATIVELY AND LOGISTICALLY SELF-SUPPORTING; AND

THAT THE PART OF THE AGENCY DIRECTIVE OF JULY 15, 1952, APPOINTING THE AREA DIVISIONAL CHIEFS AS EXECUTIVES OF THE DCI AND PROVIDING FOR THEIR DIRECT DEALING WITH HIM AND SENIOR OVERSEAS REPRESENTATIVES BE RESCINDED; AND

THAT THE DIRECTOR OF CENTRAL INTELLIGENCE REESTABLISH THE OFFICE OF THE EXECUTIVE DIRECTOR OF THAT AGENCY.

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